

# PERENNIAL REAL ESTATE HOLDINGS LTD



## FINANCIAL RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

 PERENNIAL 鵬瑞利

All statements contained in this presentation which are not statements of historical fact constitute “forward looking statements”. These forward-looking statements, including without limitation, those regarding Perennial Real Estate Holding Limited’s financial position and results, business strategy and plans and objectives of management for future operations involve known and unknown risks, uncertainties and other factors which may cause Perennial Real Estate Holdings Limited’s actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Given the risks and uncertainties that may cause the actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this presentation, you are advised not to place undue reliance on these statements.

# FINANCIAL HIGHLIGHTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2019

# Income Statement (2Q 2019 vs 2Q 2018)

## Explanation of Key Income Line Items



S\$'000	2Q 2019	2Q 2018	Change
	1 Apr 2019 to 30 Jun 2019	1 Apr 2018 to 30 Jun 2018	%
<b>Revenue</b>	<b>27,625</b>	<b>18,130</b>	<b>52.4</b>
Earnings Before Interest & Tax (“ <b>EBIT</b> ”)	34,895	41,941	<b>(16.8)</b>
<b>Profit After Tax less Minority Interest (“PATMI”)</b>	<b>2,172</b>	<b>8,648</b>	<b>(74.9)</b>

### Revenue

- Revenue for 2Q 2019 was higher by 52.4%, mainly attributable to revenue from Capitol Singapore and Perennial International Health and Medical Hub (“**PIHMH**”) for the full three months in 2Q 2019 and higher fee income from our management businesses. With Capitol Singapore and PIHMH securing over 90% committed occupancy to-date, their contributions to the revenue line are expected to grow as more tenants commence operations over time.

### EBIT

- EBIT for 2Q 2019 decreased by 16.8% mainly due to the absence of fair value gain from the revaluation of PIHMH, offset by higher share of results from associates and joint ventures in particular, the gain on divestment of Chinatown Point in 2Q 2019.

### PATMI

- The decrease in PATMI was mainly due to higher net finance costs. Finance costs increased with higher interest rates and additional loans to fund new investments. In addition, interest expenses in respect of PIHMH previously capitalised were expensed off on completion.

# Income Statement (1H 2019 vs 1H 2018) – Explanation of Key Income Line Items

S\$'000	1H 2019	1H 2018	Change
	1 Jan 2019 to 30 Jun 2019	1 Jan 2018 to 30 Jun 2018	%
<b>Revenue</b>	<b>52,487</b>	<b>33,075</b>	<b>58.7</b>
EBIT	39,553	66,384	(40.4)
<b>PATMI</b>	<b>(24,759)</b>	<b>13,792</b>	<b>(279.5)</b>

## Revenue

- The increase in revenue in 1H 2019 versus 1H 2018 was mainly due to the inclusion of Capitol Singapore's revenue and PIHMH's revenue for the 6 months in 1H 2019 as well as higher fee income from our management businesses.

## EBIT

- The decrease in EBIT was mainly due to the absence of fair value gain from the revaluation of PIHMH and a one-off gain recognised by one of the associated companies in 1H 2018, mitigated by higher share of results from associates, mainly the gain on disposal of Chinatown Point in 1H 2019.

## PATMI

- The lower EBIT and higher net finance costs resulted in a loss for 1H 2019.

# Income Statement (2Q 2019 vs 2Q 2018)

## Revenue and EBIT by Segment

	REVENUE			EBIT			Note
	2Q 2019	2Q 2018	Change	2Q 2019	2Q 2018	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	9,950	5,162	92.8	14,499	8,837	64.1	1
China	12,960	9,423	37.5	23,589	35,106	(32.8)	2
Management Businesses	6,525	5,207	25.3	1,972	1,424	38.5	3
Corporate and Others	13	12	8.3	573	(3,187)	118.0	4
Eliminations	(1,823)	(1,674)	8.9	(5,738)	(239)	Nm	5
	<b>27,625</b>	<b>18,130</b>	<b>52.4</b>	<b>34,895</b>	<b>41,941</b>	<b>(16.8)</b>	

### Notes:

- (1) The increase in revenue was mainly due to the consolidation of Capitol Singapore's revenue for the full three months in 2Q 2019. 2Q 2019 EBIT was higher with the gain on disposal of Chinatown Point.
- (2) The higher revenue was mainly attributable to the full three months revenue contribution from PIHMH in 2Q 2019 as compared to 2Q 2018, where PIHMH commenced operations in June 2018. The lower EBIT in 2Q 2019 was mainly due to the absence of fair value gain from the revaluation of PIHMH in 2Q 2018, mitigated by higher share of results from associates.
- (3) The increase in revenue and EBIT from the management businesses were mainly due to higher fees earned which included management fees from the healthcare joint venture.
- (4) The improvement in EBIT was mainly due to dividend income from subsidiaries in 2Q 2019.
- (5) Eliminations are mainly against dividends declared by subsidiaries and intercompany transactions.

# Income Statement (1H 2019 vs 1H 2018) – Revenue and EBIT by Segment

	REVENUE			EBIT			Note
	1H 2019	1H 2018	Change	1H 2019	1H 2018	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Singapore	19,155	8,315	130.4	15,194	30,797	(50.7)	1
China	23,862	18,343	30.1	27,826	39,422	(29.4)	2
Management Businesses	13,198	9,980	32.2	5,022	3,338	50.5	3
Corporate and Others	32	36	(11.1)	(2,512)	(6,696)	62.5	4
Eliminations	(3,760)	(3,599)	4.5	(5,977)	(477)	Nm	5
	<b>52,487</b>	<b>33,075</b>	<b>58.7</b>	<b>39,553</b>	<b>66,384</b>	<b>(40.4)</b>	

## Notes:

- (1) The increase in revenue was mainly due to the inclusion of Capitol Singapore's revenue for the whole of 1H 2019 as compared to two months in 1H 2018. However, the decrease in EBIT was mainly due to the absence of a one-off gain recognised by one of the associated companies in 1H 2018, mitigated by the gain on disposal of Chinatown Point in 1H 2019.
- (2) The higher revenue was mainly attributable to the full six months revenue contribution from PIHMH as compared to one month in 1H 2018. However, the lower EBIT was due to the absence of fair value gain from the revaluation of PIHMH in 1H 2018, offset by higher share of results from associates in 1H 2019.
- (3) The increase in revenue and EBIT from the management businesses were mainly due to higher fees earned which included the acquisition fee and management fees from the healthcare joint venture.
- (4) The improvement in EBIT was mainly due to dividend income from subsidiaries.
- (5) Eliminations are mainly against dividends declared by subsidiaries and intercompany transactions.

# CAPITAL MANAGEMENT & KEY FINANCIAL INDICATORS



# Capital Management and Key Financial Indicators

## Key Financial Ratios

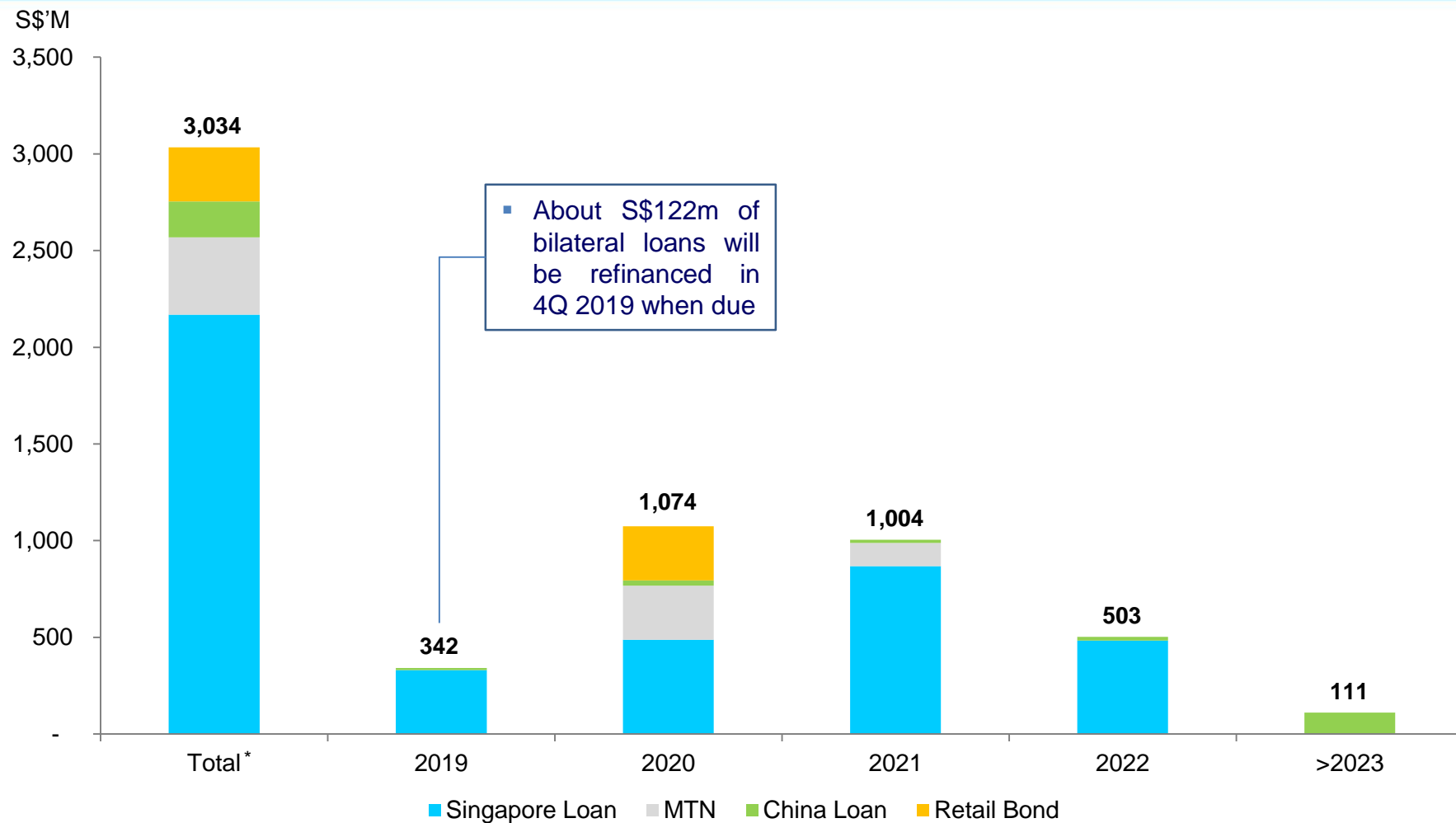
	As at 30 Jun 2019	As at 31 Dec 2018
Net Debt (S\$' 000)	2,963,649	2,861,206
Total Equity (S\$' 000)	3,904,775	3,976,378
Net Debt to Equity Ratio	0.76	0.72
NAV per Share <sup>1</sup> (S\$)	1.606	1.644
Debt-Weighted Average Term to Expiry (years)	1.83	1.92

	Half Year ended 30 Jun 2019	Half Year ended 30 Jun 2018
Earnings per Share (cents)	(1.49)	0.83
Weighted Average Interest Rate (p.a.)	4.0%	3.7%

### Note

1. The lower Net Asset Value per Share was due to translation loss arising from the depreciation of RMB against SGD during the period.

# Debt Maturity Profile – As at 30 June 2019



\* Being gross amount, without amortised transaction costs

1. In March 2019, S\$125 million of 4.90% p.a. fixed rate notes (“**MTN**”) has been redeemed.
2. Of the S\$342 million due in 2019, only about S\$122 million has not been refinanced and will be done in 4Q 2019 when due.

# BUSINESS REVIEW - REAL ESTATE (SINGAPORE)

# Capitol Singapore – Achieved Over 90% Committed Occupancy

## Repositioning Taking Shape as New Tenants Commenced Operations

- Capitol Singapore's total committed occupancy to-date has surpassed the 90% mark at 90.2%.
- Tenants which commenced operations in the quarter included *Wu Pao Chun Bakery* - the famous Taiwanese Bakery, *CYC* - a renowned local tailor which relocated from Basement 1 to Level 1 and took up a bigger unit, *Dora Keiki Premium* – a local Japanese-style bakery, *Burger King* – a popular fast food joint, as well as *Petals Artistry* - a local florist.



Wu Pao Chun Bakery



CYC



Burger King



Petals Artistry



Dora Keiki Premium

# Arcade@The Capitol Kempinski – Creating a New F&B Destination with a Myriad of Selection

## Capitol Milk Bar Opened in 2Q 2019; Thai, Italian, Spanish & Japanese Restaurants in the Pipeline

- In addition to *Berthold Delikatessen*, *Frieda Restaurant* and the recently opened *Capitol Milk Bar*, which specialises in milkshakes, burgers and ice-creams, The Capitol Kempinski Hotel Singapore will be introducing three new Food and Beverage (“F&B”) establishments - *Chalerm Thai*, *La Scala Ristorante* and *El Teatro Tapas* at the Arcade@The Capitol Kempinski. A new Japanese restaurant, *Kei Style*, has also been secured. All the new concepts will progressively commence operations from August 2019.
- The establishments are set to complete the gastronomic adventure at Arcade@The Capitol Kempinski as the go-to destination for international cuisines within Singapore’s Downtown Civic district.



Artist's Impressions may differ from the actual view of the completed property.

# CHIJMES – Well-Positioned as a Top F&B and Lifestyle Destination

Strong Committed Occupancy at Close to 99%;  
Welcomed Returning Tenant, One-Michelin-starred Whitegrass



- Total committed occupancy as at 30 June 2019 stood at 98.9%.
- In 2Q 2019, CHIJMES welcomed new tenant Kome Bar and returning tenant Whitegrass, under the helm of new Head Chef Takuya Yamashita, previously the Head Chef at Tokyo's one-Michelin-starred Ciel et Sol.
- Major events held in the quarter included the Auchtoshan Lawn Party by the award-winning Auchtoshan whiskey and the CHIJMES Summer Beer Festival which attracted participation from various tenants, such as Almost Famous Craft Beer and Moa Tiki Bar & Grill, as well as other renowned beer brands from Frieda Restaurant, Brewlander, Lion City Meadery, Big Easy Beverages and Pasteur Street Brewing Co.



# 111 Somerset – New Retail Podium Gradually Making Its Mark in Orchard

## Working Crowd and Residents Welcome Good Selection of F&B and Lifestyle Tenants; Strata Sale of Office Units Continued to Gain Momentum

- The new two-storey retail podium registered a total committed occupancy 74.5% as at 30 June 2019.
- Tenants which have commenced business in the quarter included returning tenant Imperial Treasure Steamboat, as well as new tenants Jones the Grocer, Hvala, So Good Bakery, Rebel, A Poke Theory, Subway Niche, Yellow Cube by 328 Katong Laksa, QOOLCO and Laundry Mart.
- Stepping up leasing efforts and marketing and promotional activities to enhance awareness in the Orchard and Somerset precincts.
- As at 1H 2019, about 18 office units were sold between S\$2,555 and S\$2,890 per square foot. In addition, 1 medical unit was sold at more than S\$4,000 per square foot. The total year-to-date gross strata sales amounted to approximately S\$48 million.



# AXA Tower – Strong Q-o-Q Total Committed Occupancy Growth

Prime Office Address in the Financial District  
Continues to Attract New and Existing Tenants



Onsite Photo of New Two-storey Medical Annex Block

LAZADA  
•SG



## Expansion and New Tenants

- Total committed occupancy improved from 92.3% as at 31 March 2019 to 96.0% as at 30 June 2019.
- The prime integrated development attracted new tenants including COFCO International Singapore Pte. Ltd, NTan Corporate Advisory Pte Ltd and Arthur J. Gallagher (Singapore) Pte. Ltd, as well as existing tenants, Lazada and G&M, who have taken up more space in the building.
- Works on the new two-storey medical annex block are expected to complete by end-2019.
- With the potential to benefit from URA's Draft Master Plan 2019, we will continue to explore en-bloc sale opportunities with potential parties to capitalise on the buoyant Singapore office market and achieve optimal returns for shareholders.



# BUSINESS REVIEW - REAL ESTATE (CHINA)

# Perennial International Health and Medical Hub, Chengdu – One-Stop Destination for All Healthcare and Medical Needs

Anchor Tenant Gleneagles Chengdu Hospital Expected to Commence Operations in 3Q 2019



- Perennial International Health and Medical Hub (“**PIHMH**”) registers total committed occupancy of approximately 92.8%.
- Anchor tenant Gleneagles Chengdu Hospital is progressively completing its fitting-out works and is expected to commence operations in October 2019.
- Medical spaces within the development have been fully leased to medical and healthcare-related tenants, including a Blood Analysis Laboratory, a Traditional Chinese Medicine hospital, an eye Hospital and an orthopaedic clinic.
- Non-medical and non-healthcare-related tenants secured include Aile Arts and Enrichment Centre, Kiddo Studio, Wate Lego Robots, Liji Mutton Vermicelli, Yunnan Specialty Food and Yalanzi Fashion.
- Connectivity between PIHMH and the adjacent Chengdu East High Speed Railway Station will be further enhanced with the expected completion of the underground pedestrian walkway in 3Q 2019.

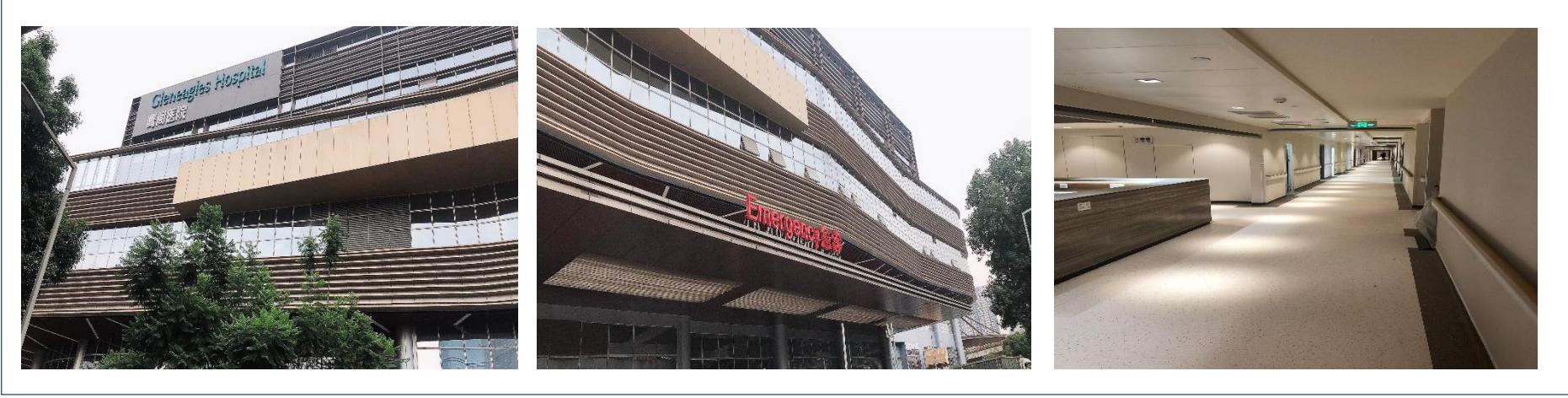
# Perennial International Health and Medical Hub, Chengdu – On-site Photos



## Perennial International Health and Medical Hub



## Gleneagles Chengdu Hospital



# Xi'an North HSR Integrated Development – Development Progress Update

## Construction Works Progressing Well on Plot 4; Piling Works Underway on Plot 5



- On Plot 4, construction of the hotel tower and retail podium block has passed the halfway mark with the former reaching Level 26 and the latter at Ground Level. The remaining three towers have topped out and are currently undergoing façade cladding and non-structural works.
- On Plot 5, piling work to prepare the site for construction is underway. Application of the Building Planning Permit is in progress and the Permit is expected to be obtained in 2H 2019.



## Preparations Works in Progress to Apply for Key Development and Construction Permits



- Preparation works are in progress to apply for the respective permits for all three plots of the development.
- Building Planning Permit (建设工程规划许可证) for one of the three plots was obtained in June 2019. The remaining plots are expected to receive the same permit by end of the year.
- Construction works are expected to commence on all three plots by 1H 2020.

# Kunming South HSR Integrated Development – Development Progress Update

## Preparations Works in Progress to Apply for Key Development and Construction Permits



- Preparation works are in progress to apply for the respective permits for both Plots A1 and A2.
- Both plots are expected to obtain the necessary permits to commence construction by 1H 2020.



# Beijing Tongzhou Integrated Development – Development Progress Update

## Construction Works Progressing Well at Both Phases



- At Phase 1, construction works have commenced. The site is currently undergoing earthworks.
- At Phase 2, construction works on three plots achieved structural top-out, Level 11 and Level 1 respectively.
- The extension of the Beijing suburban railway-sub-centre line East Qiaozhuang Station has commenced operations, enhancing the connectivity between central Beijing and the Tongzhou District. The line starts from Beijing West Railway Station and connects to Tongzhou Station.
- The Beijing Daxing International Airport, which is within 30-minutes journey from Tongzhou District, completed its first full-scale test run in July. The new airport is served by Subway Line S6, which connects directly to Beijing Tongzhou Integrated Development which sits atop the future Tongyunmen Interchange Station.



# BUSINESS REVIEW - HEALTHCARE (CHINA)



# Renshoutang – Opened Two New Facilities in Shanghai and Changzhou

## First Facility with Dedicated Dementia Ward in Shanghai Commenced Operations

- Renshoutang's maiden foray into Changzhou city with the opening of its 400-bed Changzhou Jintan Eldercare and Retirement Home in end-May 2019 further strengthened its presence in East China. The opening was graced by key officials from the municipal government.
- In Shanghai, the 808-bed Shanghai Renshoutang Wenjin Nursing Home in Hongqiao has commenced operations progressively since end-July 2019. It is the first facility in Shanghai which has a dedicated wing for residents with dementia, apart from eldercare and nursing care. Separately, Renshoutang secured an agreement to manage another facility in Shanghai. The 440-bed Shanghai Huacao Eldercare and Retirement Home, measuring over 18,400 square metres in gross floor area, is expected to commence operations in 1Q 2020.

**Changzhou Jintan  
Eldercare and Retirement Home**



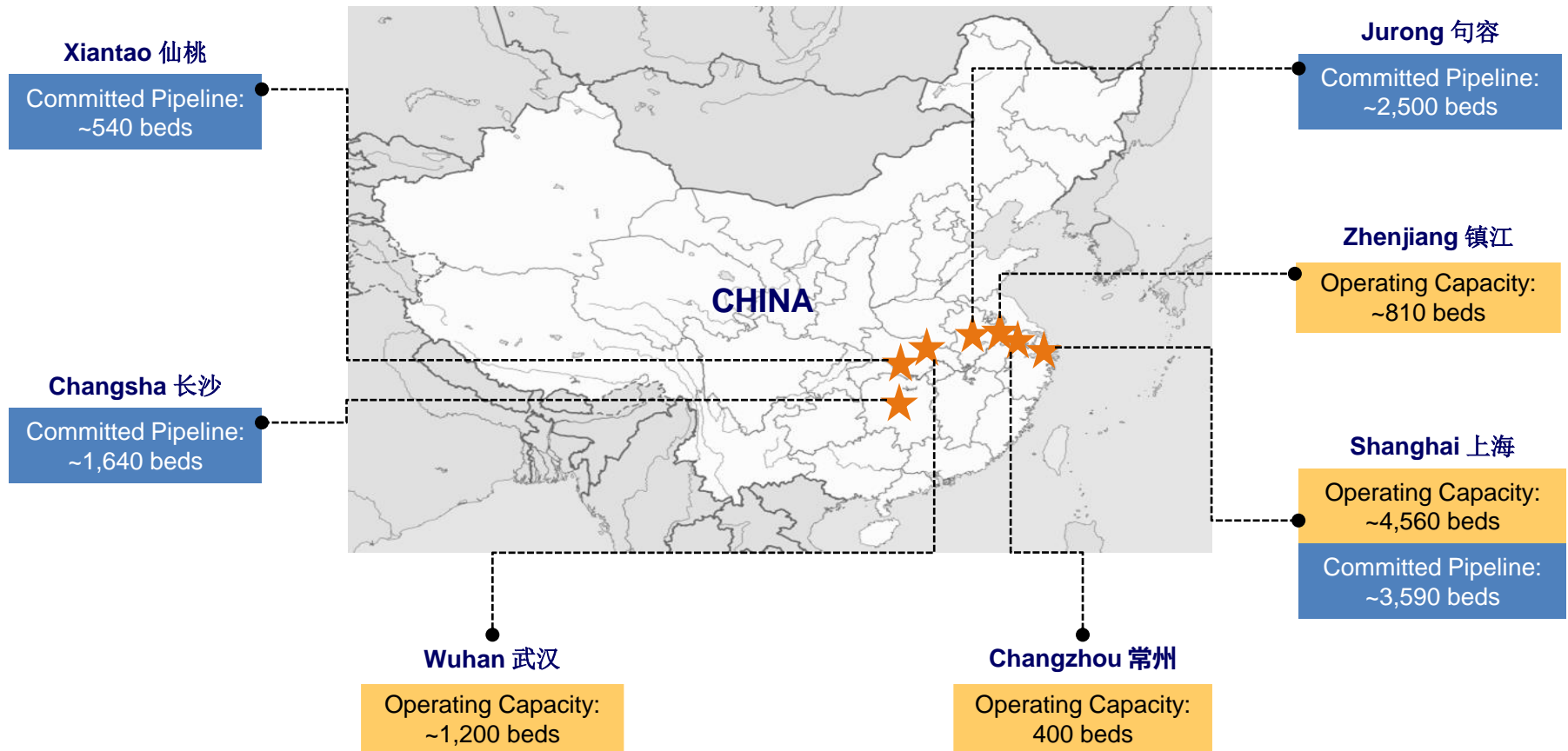
**Shanghai Renshoutang Wenjin Nursing Home**



# Renshoutang – Set to Become One of The Largest Eldercare Operators

## Presence in Seven Cities Across China with Current Operating Capacity of about 7,000 Beds

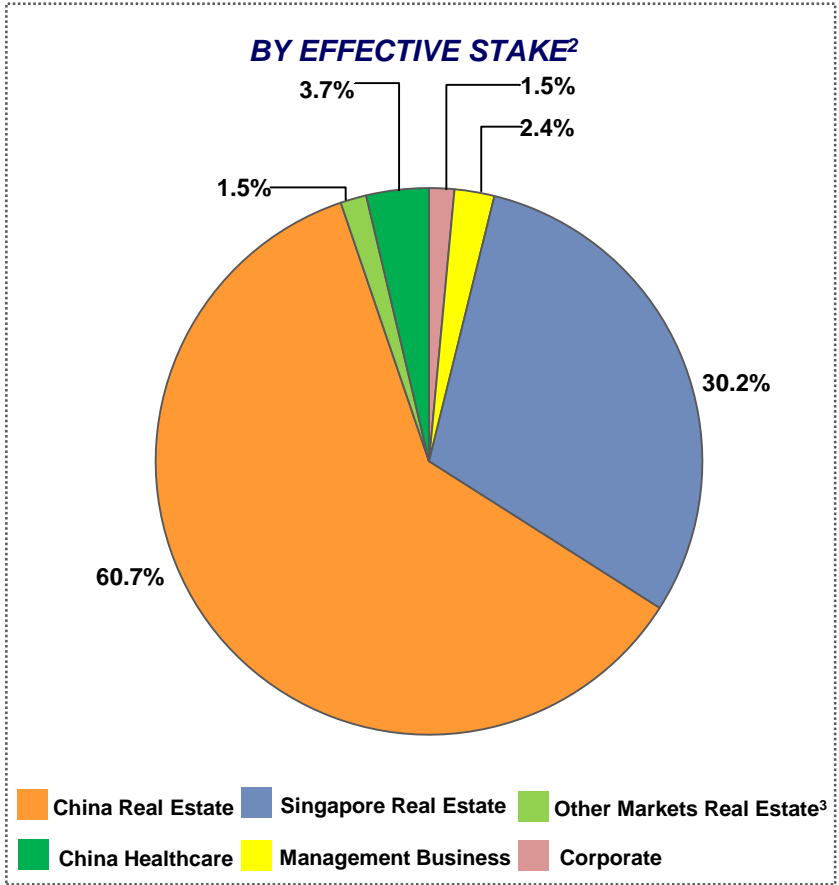
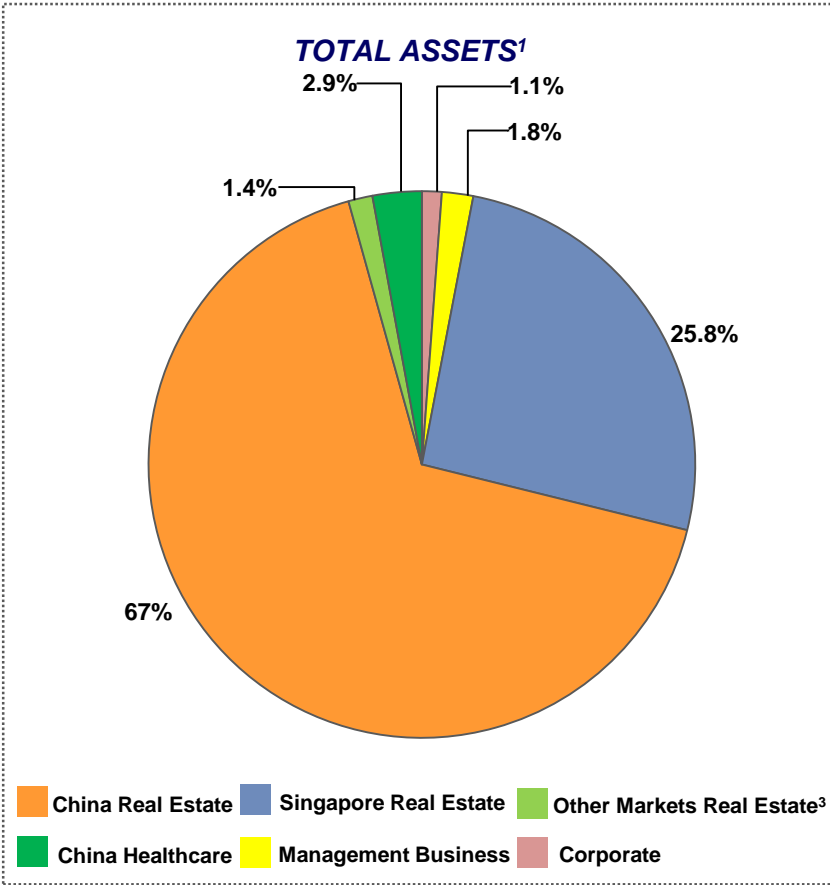
- Renshoutang, the largest private integrated eldercare services operator in Shanghai, currently **operates about 7,000 beds**. It also has a **committed pipeline of over 8,000 beds**.



# STRATEGIC HIGHLIGHTS

# Total Asset Composition – By Business (As at 30 June 2019)

**Real Estate Remains Key Business Driver with 92.4% in Effective Total Assets (92.1%: FY2018)**

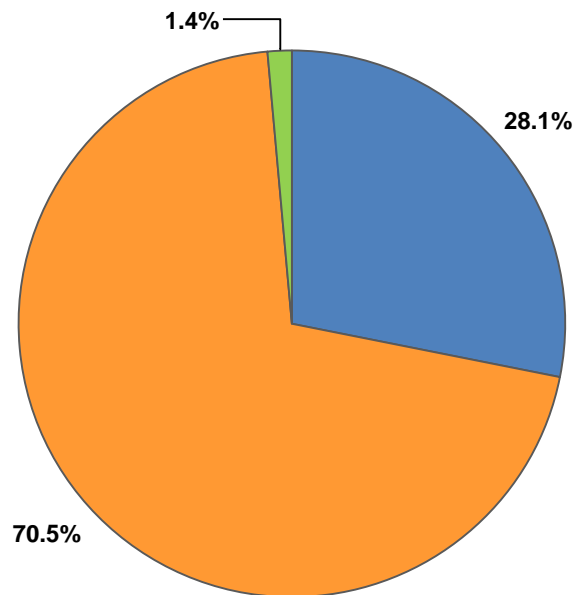


1. Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards.
2. Represents assets computed via the Company's shareholdings.
3. Other Markets Real Estate relates to assets in Malaysia, Ghana and Indonesia.

# Total Asset Composition – By Country (As at 30 June 2019)

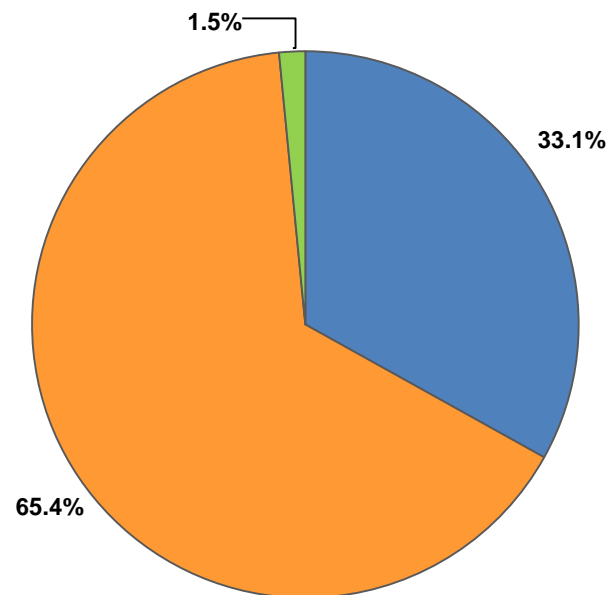
China & Singapore Remained as Core Markets;  
Effective Stake China (65.4%: 1H 2019; 64.7%: FY2018) and Singapore (33.1%: 1H 2019; 33.8%:FY2018)

**TOTAL ASSETS<sup>1</sup>**



China Singapore Other Markets<sup>3</sup>

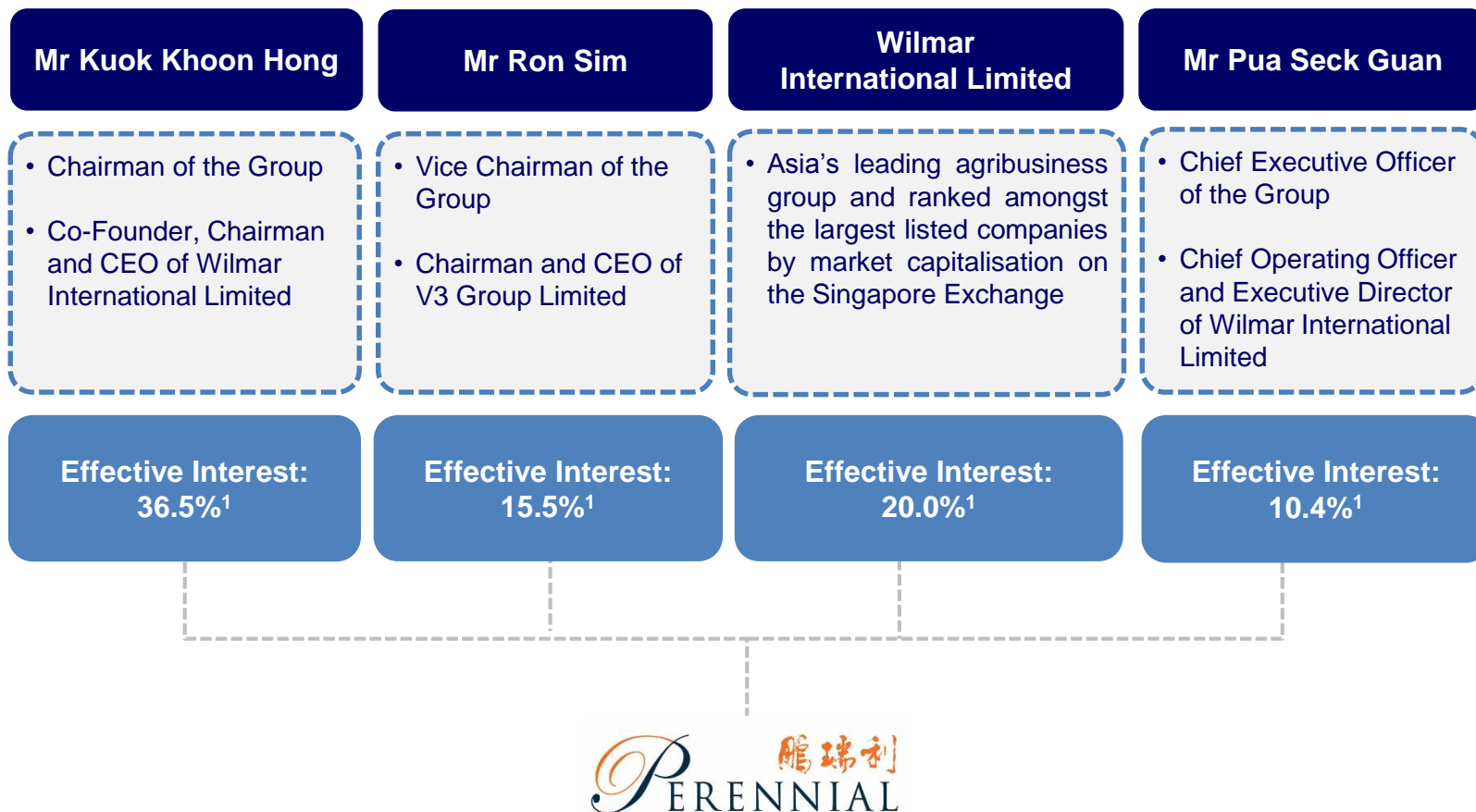
**BY EFFECTIVE STAKE<sup>2</sup>**



China Singapore Other Markets<sup>3</sup>

1. Represents assets which are consolidated and equity accounted in accordance to the Singapore Financial Reporting Standards.
2. Represents assets computed via the Company's shareholdings.
3. Other Markets Real Estate relates to assets in Malaysia, Ghana and Indonesia.

Perennial's Four Key Sponsors Own an Aggregate Effective Ownership of 82.4%<sup>1</sup>



1. As at 30 June 2019.

*THANK YOU*

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